

Patricia M. French
Senior Attorney



300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nisource.com

June 9, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department:

DTE-3-21 (BULK) DTE-3-22 (BULK) DTE-3-25 (BULK)

DTE-3-26 (BULK) DTE-6-15 DTE-6-16 DTE-6-17 DTE-6-20

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
 A. John Sullivan, DTE (7 copies)
 Andreas Thanos, Ass't Director, Gas Division
 Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 9, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-21 Please provide the capital authorization and closing reports for each of the projects listed in Exh. BSG/DGC-8.

Response: Please see Attachment DTE-3-21, which includes the capital authorization and closing reports associated with the 107 projects listed in Exh. BSG/DGC-8.

Attachment DTE-3-21 consists of (1) a copy of the original Exh. BSG/DGC-8 as filed (first 14 pages), and (2) a series of cover sheets, capital authorizations, and closing reports (including when necessary a project cost variance summary) for each of the listed projects.

For easy identification, each cover sheet is marked with the exhibit title and the list number assigned to each project in Column 1 (List No.) of Exh. BSG/DGC-8.

For example, the first page in the attachment is the cover sheet for project with the assigned list number 1 – Taunton / Short Street (a year 2004 project). As such, the cover sheet has been labeled:

Non-Discretionary Plant Additions
Account 367 (Mains) >\$100K
Exhibit BSG/DGC – 8
List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Date: June 9, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-22 Please provide the capital authorization and closing reports for each of the projects listed in Exh. BSG/DGC-9.

Response: Please see Attachment DTE-3-22, which includes the capital authorization and closing reports associated with the 17 projects listed in Exh. BSG/DGC-9.

Attachment DTE-3-22 consists of (1) a copy of the original Exh. BSG/DGC-9 as filed (first 2 pages), and (2) a series of cover sheets, capital authorizations, and closing reports (including when necessary a project cost variance summary) for each of the listed projects.

For easy identification, each cover sheet for each project is marked with the exhibit title and list number assigned to each project in Column 1 (List No.) of Exh. BSG/DGC-9.

For example, the cover sheet for each project was assigned a List Number 1 – West Springfield / ConEd (a year 2001 project). As such, the cover sheet has been labeled:

Revenue Producing Plant Additions
Account 367 (Mains) >\$100K
Exhibit BSG/DGC – 9
List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 9, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-25 Refer to Exh. BSG/DGC-10. Please provide the capital authorization and closing reports for each of the projects listed in this exhibit.

Response: Please see Attachment DTE-3-25, which includes the capital authorization and closing reports associated with the 40 projects listed in Exh. BSG/DGC-10. Due to a transcription error, the project List No. 6— LNG Pump Installation – Easton, Authorization # 293210-1004 – was duplicated with List No. 7. As such, there were actually 39 projects.

Attachment DTE-3-25 consists of (1) a copy of the original Exh. BSG/DGC-10 as filed (first 5 pages), and (2) a series of cover sheets and capital authorizations for each of the listed projects. In addition, closing reports are provided for each project completed between the years 2000 through 2004. For projects completed in the years 1992 through 1999 a summary of account period balance report is provided.

Common practice for companies using the Lawson General Ledger System, which Bay State uses, is to delete transaction over two years old to save disk space (current year and previous year being retained – approximately 6 to 8 million transactions). Bay State's system was modified in October 2003 to allow for online reporting on years other than current year or previous year. The change provided the capability to report historical transactions back to fiscal year 2000. Only account period balances are retained and available for years prior to 2000.

For easy identification, each cover sheet is marked with the exhibit title and the list number assigned to each project in Column 1 (List No.) of Exh. BSG/DGC-10.

For example, the first page in the attachment is the cover sheet for project with the assigned list number 1 – Re-pipe LNG Plant (a year 2003 project). As such, the cover sheet has been labeled:

Non-Discretionary Non-Plant Additions >\$100K
Exhibit BSG/DGC – 10
List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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D. T. E. 05-27

Date: June 9, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-26 Please provide the capital authorization and closing reports for each of the projects listed in Exh. BSG/DGC-11.

Response: Please see Attachment DTE-3-26, which includes the capital authorization and closing reports associated with the 15 projects listed in Exh. BSG/DGC-11.

Attachment DTE-3-26 consists of (1) a copy of the original Exh. BSG/DGC-11 as filed (first 2 pages), and (2) a series of cover sheets, capital authorizations, and closing reports (Asset Management –AM20) for each of the listed projects.

For easy identification, each cover sheet is marked with the exhibit title and the list number assigned to each project in Column 1 (List No.) of Exh. BSG/DGC-11.

For example, the first page in the attachment is the cover sheet for project with the assigned list number 1 – Client Server Migration (a year 1996 project). As such, the cover sheet has been labeled:

Miscellaneous Intangible Plant Additions
(Account 303) >\$100K
Exhibit BSG/DGC – 11
List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SIXTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 9, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-15 Refer to Exh. BSG/JES-1, at 18-19. Were there any instances during the last 5 years when the Company switched any of its insurance providers? If so, provide analysis and documentation that led the Company to the decision to switch providers.

Response: Please see Attachment DTE-6-15 for a schedule of insurance providers for 2001 to the present date, which provides specific information with regard to changes in providers. Several factors are considered when selecting or replacing a carrier. The primary considerations are:

- New Market Entrants
- Market Withdrawals
- Financial Stability & Size
- Coverage Form
- Industry Experience
- Flexibility
- Underwriting and Claims Service
- Value / Pricing

INSURANCE CARRIERS ON COVERAGES APPLICABLE TO BAY STATE GAS

2001/2002		2002/2003			2003/2004			2004/2005			Comments
Type of Coverage	Insurance Company	Insurance Company	Rating	Financial Rate	Insurance Company	Rating	Financial Rate	Insurance Company	Rating	Financial Rate	
General Liability (AOS)	Travelers	Travelers	A++	XV	Travelers	A++	XV	Travelers	A++	XV	
Automobile Liability (AOS)	Travelers	Travelers	A++	XV	Travelers	A++	XV	Travelers	A++	XV	
Automobile Liability (MA)	Travelers	Travelers	A++	XV	Consolidated with "All Other States" policy.			Consolidated with "All Other States" policy.			
Worker's Compensation (MA)	Travelers	Travelers	A++	XV	Travelers	A++	XV	Travelers	A++	XV	
Excess Liability	AEGIS	AEGIS	A	XI	AEGIS	A	XI	AEGIS	A	XI	
	EIM	EIM	A	IX	EIM	A	IX	EIM	A	IX	
	American Int'l Surplus Lines	Gerling	Api	NA	Swiss Re	A++	XV	AEGIS Syndicate	A-	XV	AI Surplus, Kemper, Zurich (Bermuda) and Chubb Atlantic were removed at the 2002 renewal due to the following reasons: 1.) Market changes in terms & conditions 2.) Coverage was placed with markets to maximize terrorism limits. Gerling was replaced on the 2003 program due to financial rating downgrade.
	Kemper	OCIL	A (S&P)	IX	XL (Bermuda)	A+	XV	Swiss Re	A++	XV	OCIL, a new industry mutual formed in early 2002 and was added to the program.
	Zurich (Bermuda)	London (Star Excess)	A++	XV	Oil Casualty (OCIL)	A+	XIV	XL (Bermuda)	A+	XV	AEGIS Energy Syndicate 1225 was added to the program in 2004 following its formation. The syndicate formed by our industry mutual, AEGIS, and was created to help satisfy the expanding global insurance needs of AEGIS members and other energy companies. It is an independent underwriting entity but can collaborate with AEGIS to provide enhanced products.
	London	XL (Bermuda)	A+	XV	Lloyd's	A-	XV	Oil Casualty (OCIL)	A+	XIV	
	STARR Excess (Bermuda)	Starr Excess	A++	XV	Arch (Bermuda)	A-	XII	Lloyd's	A-	XV	
	Chubb Atlantic (Bermuda)				ACE (Bermuda)	A+	XV	Starr & XL	A++	XV	
					Starr Excess	A++	XV	ARCH & ACE	A-	XII	
Directors & Officers Liability	Chubb	AEGIS	A	XI	AEGIS	A	XI	AEGIS	A	XI	
	Hartford	EIM	A	IX	EIM	A	IX	EIM	A	IX	
	Starr	Chubb	A++	XV	Houston (HCC Global)	A	XI	Houston (HCC Global)	A	XI	
	AEGIS	Hartford	A+	XV	Twin City Fire (Hartford)	A+	X	Twin City Fire (Hartford)	A+	XV	
	EIM	Starr	A++	XV	RSUI Indemnity Co.	A	X	RSUI Indemnity Co.	A	X	
					SR International	A+	XV	SR International	A+	XV	
					AWAC	A+	XIV	AWAC	A+	XIV	
					Liberty Mutual	A	XV	Liberty Mutual	A	XV	
					Starr Excess	A++	XV	Starr Excess	A++	XV	
					Chubb	A++	X	Chubb	A++	XV	
					XL (ELU)	A+	XV	XL (ELU)	A+	XV	
					Old Republic	A+	X	Axis (Bermuda)	A	XIV	Old Republic was replaced at the 2004 renewal.
					Allied World Assurance	A+	XIV	Allied World Assurance	A+	XIV	
					Arch (Bermuda)	A-	XII	Arch (Bermuda)	A-	XII	
					ACE (Bermuda)	A+	XV	ACE (Bermuda)	A+	XV	
					Starr Excess	A++	XV	Starr Excess	A++	XV	
Fiduciary Liability	AIG	AEGIS	A	XI	AEGIS	A	XI	AEGIS	A	XI	
	Great American	EIM	A	IX	Houston (HCC Global)	A+	X	Houston (HCC Global)	A+	X	
					EIM	A	IX	EIM	A	IX	
					Greenwich	A+	XV	Greenwich	A+	XV	
					Federal Insurance (Chubb)	A++	XV	Federal Insurance (Chubb)	A++	XV	
					Allied World Assurance	A+	XIV	Allied World Assurance	A+	XIV	
					Starr Excess	A++	XV	Starr Excess	A++	XV	
Crime	Lloyds of London	AIG	A++	IX	National Union Fire (AIG)	A++	XV	National Union Fire (AIG)	A++	XV	
		Great American	A	XII	Great American	A	XII	Great American	A	XII	
Special Crime	Federal Ins. Co.	Lloyds of London	A-	XV							
Onshore Consolidated Property Program	Lloyds, Gjensidige, GARD, AXA Global Risks, VESTA, AIG, HSB	Lloyds/Swiss RE, Aegis, HSB, Liberty, AWAC, Oil, Lloyds, Aegis, Zurich, HSB, Liberty	A+, A++, A, A+, A+, A+, AA- (S&P), A-, A, Au, A+, A+	XV, XV, XI, XV, XV, XIV, XVI, XV, XI, XV, XV, XV	Lloyds, Swiss RE, Aegis, AWAC, Oil, Arch-Bermuda, Zurich, EIM, Houston Casualty, Montpelier RE,	A- to A++	IX to XV	Lloyds of London, ACE INA-UK, SR International, Houston Casualty, AEGIS, EIM, AWAC, Arch-Bermuda, Gard	A to A++	IX to XIV	OIL, a new industry mutual formed in early 2002 and was added to the program replacing AXA, Global Risks and Vesta. HSB was dropped from the program at the 2003 renewal.
								Lloyds of London, ACE INA-UK, SR International, AEGIS, EIM, Montpelier RE, XL Bermuda, Ace Bermuda, OIL, Ltd.	A to A++	IX to XIV	
Casualty Aggregate Stop	AEGIS FRONT	AEGIS FRONT			AEGIS FRONT	A	XI	AEGIS FRONT	A	XI	
Property Aggregate Stop/Deductible Buy Back	AEGIS FRONT	AEGIS FRONT	A	XI	AEGIS FRONT	A	XI	AEGIS FRONT	A	XI	
Excess Indemnity					Travelers (Bermuda) Front	A++	XV	AEGIS FRONT	A	XI	

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RESPONSE OF BAY STATE GAS COMPANY TO THE
SIXTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 8, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-16 Refer to Exh. BSG/JES-1, at 18. Please explain how the Company conducts its annual evaluation of insurance programs and policies, and the names of the brokers that assist in this process.

Response: The marketing of the Corporate Insurance program requires experience and skill in several disciplines. In conjunction with our brokers, the Company must be able to identify and evaluate exposures, understand our ability to retain risk, be familiar with the accounting implications of various insurance structures, identify potential markets, prepare financial analyses and negotiate skillfully and aggressively regarding the terms and conditions of each policy. The process involves the following steps:

- Review Existing Program
- Identify Potential Markets
- Collect Underwriting Data / Loss Information
- Identify Preferred Carriers / Funding Method
- Prepare Submission to Market
- Obtain Quotations
- Select Final Carrier/Program
- Implement Program

The following brokers assist in the marketing process:

Commercial Casualty Program

Broker:

McGriff, Seibels & Williams
2211 7th Ave. South
Birmingham, AL 35233

Commercial Property Program

Broker:

AON
200 East Randolph Street, Suite
900
Chicago Illinois 60601

Lloyds Casualty Broker:

Agnew Higgins Pickering & Co Ltd
2 Seething Lane
London EC3N 4AX

Lloyds Property Broker:

Lloyd & Partners Limited
One America Square
London EC3N 2A

**Bermuda Property & Casualty
Broker:**

The Park Group
44 Church Street
Hamilton HM 12 Bermuda

Captive Manager:

Strategic Risk Solutions
1601 Trapelo Road
Waltham, MA 02451

Actuarial Analysis:

Milliman
289 Edgewater Drive
Wakefield, MA 01880

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Date: June 8, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-17 Refer to Exh. BSG/JES-1, at 19 and Exh. BSG/JES-1, Workpaper JES-6, at 17. What are the known and measurable changes that the Company anticipates for 2005 related to Property and Liability Insurance? Please list all items, as well as anticipated dates and amounts attributable to Bay State.

Response: The Company does not anticipate any known, significant or measurable changes for 2005 as regards Property and Casualty Insurance as such might relate to pricing, terms or conditions.

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SIXTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 8, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-6-20 Refer to Exh. BSG/JES-1, at 20 and Exh. BSG/JES-1, Sch. JES-6, at 6. Please explain why the Company eliminated deductibles for workers compensation. Provide all documentation, data, and analyses related to this elimination.

Response: Please see Table DTE-6-20.

TABLE DTE-6-20

BAY STATE GAS COMPANY WORKERS COMPENSATION

	BSG'S RETENTION	BSG'S TOTAL INCURRED CLAIM LIABILITY	COST TO BUY DOWN DEDUCTIBLE	TOTAL COST TO BSG
BSG's 2001/2002 LIABILITY	\$ 300,000.00	\$ 879,786.41	\$ -	
BSG's 2002/2003 LIABILITY	\$ 50,000.00	\$ 527,678.87	\$ 187,193.00	\$ 714,871.87
BSG's 2003/2004 LIABILITY	\$ 50,000.00	\$ 387,355.42	\$ 229,869.00	\$ 617,224.42
BSG's 2004/2005 LIABILITY	\$ -	\$ -	\$ 185,875.00	\$ 185,875.00

For the 2001/2002 policy year Bay State, under the corporate insurance program, had a \$300,000 deductible for each and every claim. As a result Bay State incurred \$879,786.41 in total incurred Workers Compensation Losses within that layer.

For the 2002/2003 policy year as a result of many events that occurred outside of the control of Bay State, such as the attacks of September 11, 2001 and several other events that negatively affected the insurance industry, premiums and deductibles on workers compensation and other lines of insurance were driven up. As a result the deductibles for the Bay State, workers compensation was driven up to \$500,000 each and every claim. So as to not negatively impact Bay State, a Corporate Reimbursement policy was purchased to bring the deductible down to a more reasonable level, capping Bay State's liability at \$50,000 for each and every claim for \$187,193 in premium. As of 5/31/05 the total incurred losses for Bay State with in the \$50,000 layer were \$527,678.87.

Combined the total cost for both losses and the premium to cover the \$500,000 layer was a total \$714,871.87.

For the 2003/2004 period the program remained at the 02/03 limits with the losses totaling \$387,355.42 and \$229,869.00 for in premium for the Corporate Reimbursement policy. The combined cost to Bay State was \$617,224.42.

For the 2004/2005 policy year, to further reduce the volatility of losses and market conditions to Bay State, the effective Deductible was brought down to \$0 for each and every claim from the market imposed \$500,000 for each and every claim. Bay State's total cost for this was \$185,875.00.